

Regular Session, 2009

HOUSE BILL NO. 164

BY REPRESENTATIVE HENRY

TAX CREDITS: Provides for tax credit for increases in the cost of health insurance premiums related to state mandates on health insurance coverage for specific conditions or services

1 AN ACT

2 To enact R.S. 47:6035, relative to state income tax; to authorize a credit against state
3 individual and corporate income taxes for expenses related to increases in the cost
4 of health insurance premiums attributable to a state mandate for health insurance
5 coverage of a specific medical condition or service; to require the commissioner of
6 insurance to determine certain standard amounts for purposes of the tax credit; to
7 provide for eligibility, amounts, and taking of the credit; to authorize rulemaking;
8 and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:6035 is hereby enacted to read as follows:

11 §6035. Tax credit for increases in the cost of health insurance premiums attributable
12 to state mandates for coverage of specific medical conditions or services

13 A. There shall be a credit against individual and corporation income tax
14 liability due under this Chapter for increases in the cost of health insurance
15 premiums which are attributable to a state mandate for health insurance coverage for
16 a specific medical condition, diagnosis, or health care service, which is enacted after
17 July 1, 2009. The credit shall be allowed for the first and second taxable years
18 beginning after the effective date of an act of the Louisiana Legislature which
19 requires health insurance policies, contracts, and plans to provide coverage for a
20 specific diagnosis, condition, or health care service, as defined in R.S. 22:1872,
21 which will be referred to hereinafter as the "act".

1 B. Within ninety days of the effective date of the act, the commissioner of
2 insurance, hereinafter referred to as "commissioner", shall determine a dollar value
3 amount to reflect the increase in the cost of health insurance premiums in Louisiana
4 which is attributable to the new coverage mandated in the act. With respect to each
5 such act or acts, the commissioner shall establish standard amounts reflecting the
6 increase in premiums for purposes of an individual policy, a family policy, and a
7 group policy. These amounts shall be developed, transmitted to the Louisiana
8 Department of Revenue, and made public in a manner deemed appropriate by the
9 commissioner.

10 C.(1) Eligibility. The credit shall be allowed for any taxpayer who has in the
11 taxable year paid or incurred the expense of health insurance premiums for coverage
12 for himself or his employees the cost of which was greater than the cost paid in the
13 prior taxable year by the taxpayer for the same level of coverage.

14 (2) Amount. The amount of the credit shall be equal to the standard increase
15 in the cost of health insurance premiums in Louisiana which is attributable to the
16 new coverage mandated in the act which has been determined by the commissioner
17 to be applicable for that taxable year for the taxpayer's level of insurance coverage,
18 be it an individual, family, or group policy.

19 (3) The total of all such credits taken in a taxable year shall not exceed the
20 taxpayer's total tax liability for that taxable year.

21 D. The secretary of the Department of Revenue, in consultation with the
22 commissioner of insurance, shall promulgate rules and regulations in accordance
23 with the Administrative Procedure Act for the purpose of implementing the
24 provisions of this Section. Such rules and regulations may include provisions
25 requiring taxpayers to submit documentation with their returns or to specifically
26 retain records that will enable the department to determine the taxpayer's eligibility
27 for and amount of the tax credit claimed under this Section.

28 Section 2. The provisions of this Act shall be applicable for all taxable years
29 beginning on or after January 1, 2010.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Henry

HB No. 164

Abstract: Provides for tax credit for individual and corporation income tax for expenses related to increases in health insurance premiums which are attributable to a recent state mandate for health insurance coverage for a specific medical condition or service.

Proposed law provides for a credit against La. individual and corporation income tax liability for the expense of increased health insurance premiums which is attributable to a state mandate for health insurance coverage for a specific medical condition or service which is enacted after July 1, 2009. The credit is available for the first and second taxable years beginning after the effective date of the act of the Legislature which mandates such coverage (hereinafter "act").

Proposed law requires the commissioner of insurance, within 90 days of the act, to determine standard dollar value amounts to reflect the increase in the cost of health insurance premiums in La. which are attributable to the new coverages mandated in the act. The commissioner shall establish amounts for purposes of an individual policy, a family policy, and a group policy. This amount shall be developed and made public in a manner deemed appropriate by the commissioner. The information shall also be transmitted to the Department of Revenue.

Proposed law establishes eligibility for the credit for a taxpayer who has paid the expense of health insurance premiums for himself or his employees in the taxable year, the cost of which is greater than the cost paid by the taxpayer for the same level of coverage in the prior taxable year.

Proposed law limits the amount of tax credit which is allowed for any taxpayer to the amount determined by the commissioner for that taxable year to be applicable to the taxpayer's level of insurance coverage, be it an individual, family, or group policy.

Proposed law provides that the total of all such credits taken in a taxable year shall not exceed the total tax liability for that taxable year.

Proposed law authorizes the secretary of the Dept. of Revenue, in consultation with the commissioner of insurance, to promulgate rules and regulations pursuant to the Administrative Procedure Act for the purpose of implementing the provisions of this Section.

Applicable to taxable years beginning on or after Jan. 1, 2010.

(Adds R.S. 47:6035)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the original bill.

1. Limits the provisions of proposed law to mandated health coverages which are enacted after July 1, 2009.

2. Requires the commissioner of insurance to transmit to the Department of Revenue information as to the standard amount of premium increases.
3. Changes effectiveness from July 1, 2010, to Jan. 1, 2010.